


MÉMORANDUM FOR: Carl Kaysen

Attached is the commentary which I mentioned to you yesterday. I am also enclosing an item from the FBIS of 3 April 1962 which I think you will find interesting.


Louis Marengo

*file
under
Cuba*

4 April 1962
(DATE)

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4 April 1962

COMMENTS ON MR. SEERS' ACCOUNT OF CUBA
IN 1962

1. We have read with interest Mr. Dudley Seers account, Cuba in 1962. With respect to economic conditions in Cuba, we believe that Mr. Seers has tended to take a more favorable view than the facts warrant. In the comments that follow, we shall address ourselves only to certain of the more important aspects of the Cuban economic situation wherein our evaluations do not coincide with those of Mr. Seers. For ease of reference, we shall adhere to Mr. Seers' outline sequence in our comments.

2. Changes in Prices (p. 1). We would suggest here that, apart from the failure of the official price index to allow for quality deterioration, it is deficient in other respects. A "true" price index would also have to reflect the considerably higher prices charged in the uncontrolled black market. Reports reaching us indicate a widespread black market in foodstuffs, and these reports tend to be confirmed by Castro's recent charges of "rampant speculation." It appears doubtful, in any event, that the Cuban consumer is greatly consoled by the stability of the official price index when he seeks to purchase basic food items only to find them either unavailable or stringently rationed.

3. Changes in incomes (p. 1). We would make two points here. First, with respect to the statement that "people are only better off if their

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incomes have increased," it is better to say that they are better off only if their real incomes have increased; that is, if increased cash income enables people to purchase more and better good and services. Insofar as goods at least are concerned, we cannot see that this criterion is being met. The failure of domestic production to make up for curtailed imports has now led to severe rationing. Secondly, it must be noted that the basic wage for rural wage-earners was raised to 70 pesos per month under Batista in 1958 and not since the revolution. It does appear possible that a larger share of agricultural wage earners are receiving steadier income than before through membership in state farms and cooperatives. Nonetheless, it is almost certain that the 200,000 small agricultural proprietors and their families are receiving substantially less income than before. Other features that must be considered in evaluating the present agricultural income structure in Cuba include the fact that a large percentage of earnings is paid in "scrip" (vales) good only at the "company store", and also the introduction of income taxes and other wage deductions with which the campesino did not concern himself earlier.

4. Extension of public health services (para. 3, p.2). It is probably true that health services have been extended in the countryside but we have definite reservations about the quality of such care. In addition, our information suggests that positive achievements in the countryside have been largely counterbalanced by a deterioration of medical care in the cities and a growing shortage of medicines, supplies, and pharmaceuticals.

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5. Shortages (p. 2). In the wake of the recent extension of rationing in Cuba, the exacerbation of shortages speaks for itself. It is pertinent to note, however, that Mr. Seers did not address himself to the question of food quality. Reports reaching us from widely scattered points in Cuba indicate that many staple items imported from the Bloc such as fats and oils, rice, poultry, and canned foods (excepting Polish hams) are considered in Cuba to be of substandard quality and unsuited to Cuban tastes. Further, these same reports indicate the development in 1961-62 of a significant black market not only in eggs but also in poultry, beef, and pork.

6. Political views (para. 1, p. 4). It appears to us reasonable to conclude, as Mr. Seers does, that Castro continues to derive most of his support from the working class families in Cuba. We are much less confident, however, that improved economic status for these families plays as strong a role in such support as it did in the early days of the new regime. In 1959 and 1960, the property of the dispossessed was available for distribution, consumption levels of the poor could be stimulated by "taking it away from the rich," and also by excessive slaughter of livestock and poultry. Since early in 1961, the willingness and ability of the regime to indulge in economic largesse has dwindled steadily. Instead, the working classes, who may already be inclined to take previously awarded economic benefits for granted, now find themselves in a situation where the availability of consumer goods has deteriorated, new housing is not being completed as promised, and inroads on cash earnings are being made by income taxes and other "voluntary" payroll deductions. While such

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factors as new educational opportunities, greater social equality, and nationalistic pride may still evoke enthusiasm for Castro among the working classes, we would no longer classify the general economic situation as an element working in Castro's favor.

7. Relative economic plenty (p. 8). We consider that Mr. Seers' observations concerning special advantages enjoyed by the Cuban revolution in terms of land, capital and manpower are both valid and appropriate. In connection with his comments on the Cuba-Bloc trading axis, we have greater reservations. On the one hand, our information suggests that the Bloc (excepting Communist China) will experience growing difficulty in absorbing internally the large amounts of Cuban sugar contracted for. The likely consequence of this (a few instances of which have already been observed) will be for Bloc countries to resell some of this sugar on the world market, a market in which Cuba still has an important stake. On the other hand, Cuba now has greatly reduced flexibility as an importer owing to the fact that most of its export earnings are committed to the Bloc through barter arrangements. The bulk of Cuba's imports must come from the Bloc regardless of considerations of quality, variety, price, or timeliness of delivery.

8. Government policy of "alegria" (para. 2, p. 8). We believe that, in view of Cuba's mounting economic difficulties since 1961, it is anachronistic to speak of a government policy of "alegria" (happiness). Castro himself has told the people that they now face an extended period of privation and hard work. Although it is correct, as Mr. Seers states,

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that numerous public beach resorts have been built, we are informed that their use is severely restricted by the lack of transportation and the existence of controls on travel. With respect to the highly propagandized low-cost housing projects, our sources indicate that except for certain "showcase" model villages and pilot projects opened in 1960, very few units have been completed.

9. Support in the countryside (p. 8). In describing the regime's sources of support from the rural areas, Mr. Seers seems tacitly to assume that the 200,000 small private farmers and their families may be numbered among them. We would estimate that as these small private proprietors have found their farming operations increasingly subject to inexpertly administered government controls (i.e., controls over credit; equipment allocation; seed, feed, fertilizer; prices and marketing), they are becoming increasingly disenchanted with the regime.

10. Industrial revolution (p. 9). We are in agreement with a number of points made by Mr. Seers in this portion of his discussion: principally, that Bloc shipments of capital equipment are arriving in Cuba and may well reach substantial volume by the end of 1962; that much of the Bloc capital equipment, especially industrial machinery from East Germany and Czechoslovakia, is qualitatively acceptable; and, finally, that Cuba already has on hand a large inventory of capital equipment. We believe, however, that there are other factors operating in the industrial sector of the Cuban economy which also must be weighed. First, a very large share of Cuba's US-manufactured industrial plant (including farm machinery) is deteriorating at an accelerated rate for want of replacement and spare parts. As a consequence, very little if

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any of the machinery and equipment imported by Cuba from the Bloc in the next few years will constitute a net addition to capital formation; it will represent primarily an effort to replace worn-out US machinery and equipment. Further, if the past performance of Bloc countries in supplying spare parts and servicing to purchasers of their machinery and equipment is not improved, Cuba will be in for difficulties on this score as well.

11. The switch out of sugar (p. 11). Mr. Seers' information concerning the longer-term intention of the regime to reduce the dependence of the economy upon sugar is in agreement with ours. With respect to the short-term, however, the forecasts given him have been overtaken by events. As a consequence of increasing concern over its foreign exchange position, the regime has reversed its earlier plan to reduce the area planted to cane and is now instituting a program to increase cane acreage by approximately 10 percent, or 330,000 acres, in 1962. The government's fears, as related to Mr. Seers, of losing much of the 1962 sugar crop appear to have been well-founded. Insofar as we are now able to estimate, the 1962 cane harvest is likely to yield between 4.5-5.0 million metric tons of sugar, in contrast to an output of 6.8 million tons in 1961, and an average annual yield of 5.8 million tons in the period 1956-60.

12. Programed growth of GNP (para. 3, p.11). A final word about the Cuban "programme anticipating an increase of about 10 percent a year in GNP." Given the complex of economic problems now besetting the Castro regime, we do not see how they can in the future generate growth at nearly so rapid a pace. With respect to 1962, we are doubtful that the total output of the

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Cuban economy will exceed the level of 1961. Longer term forecasts are hazardous, but surely Castro and his associates face an arduous struggle in reestablishing order out of what appears to be an increasingly disordered economic situation.

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RICHARD RUGGLES, *Chairman*

37 HILLHOUSE AVENUE

March 16, 1962

Mr. Carl Kaysen
The White House
Washington 25, D. C.

Dear Carl:

I don't know whether or not you are acquainted with Dudley Seers. Seers was originally in the Oxford Institute of Statistics in England and worked on such things as production indexes and problems of measurement. He has worked in a number of countries over the world including the United Nations in New York and most recently he was the Director of Statistics in ECLA. At present Seers is a Visiting Professor here at Yale where he is writing a book on Inflation and Growth in Latin America.

Recently Seers was in Jamaica and went from there to Havana. His wife became ill in Havana and they had to remain approximately three weeks. Seers took that opportunity to reestablish his contacts with ECLA personnel now in the Cuban government. He also made several trips outside Havana. On his return he has given an interesting account of his experiences. I am enclosing a copy of the comments which he has written up.

It is quite possible that Seers will undertake a study in Cuba this next year under Yale auspices. He has ascertained that this would be possible and in fact enthusiastically supported by Dr. Boti. Apparently the problem of internal security is not a great one at the moment and they still welcome observers from the outside. Whether the climate will change in the foreseeable future we do not know.

I have thought that it might be useful if we could get Dudley Seers to discuss these matters with a few people on the Washington scene who are interested in the Cuban question. I am therefore taking the liberty of arranging a small lunch in my apartment in Washington for Wednesday, April 11, at 12:30. I will be out of the country until that date but I thought that I

would like to see if you, Richard Goodwin, and Walt Rostow might be available for lunch. After lunch if you or any of the others would like to arrange a larger discussion involving other people in the Government I am sure Mr. Seers would be happy to attend such a meeting. Could you let me know whether you could come to lunch at my place, 518 21st Street, Apartment 1, on that date?

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Richard". The signature is written in dark ink and is positioned to the right of the typed name "Richard" in the signature block.

RR/h

CUBA IN 1962

I took the opportunity of a stay in Havana last month to see what I could find out about the present situation in Cuba. I had already met Regino Boti, the Economics Minister, and one or two other top Cuban officials, so I got some official help. I also talked to scores of people I met casually in bars, shops and buses (mostly in Havana).

In this report I shall not go over the old arguments about sugar quotas, expropriations, air raids and invasion attempts. I shall try to give my conclusions as objectively as I can about the present position, using factual evidence and drawing only what seems to me to be obvious conclusions.

Part I. Who has benefitted from the Revolution?

Approaching the matter as an economist, the first job seemed to me to establish what had happened to living standards since the revolution. Once the facts are established, one can try to assess the degree of political support for the regime.

Changes in prices

The official consumers' price index shows little change since 1958 in the cost of living of a Havana worker. Some prices have gone up (e.g. rum which now costs about Pesos 3.50 a bottle, compared to Pesos 1.25 in 1958), but others have been reduced--especially rents, which were halved by decree. Most prices of basic foods are controlled at a near 1958 level. However, it looked to me as if not enough allowance is made in the official index for the decline of quality in some products, especially clothes. After talking to official statisticians, it seems to me a reasonable guess that prices have gone up on average by about 10% to 15%--rather more for rural workers, who have not benefitted by the rent reduction.

Changes in incomes

This means that people are only better off if their incomes have increased appreciably. There are lots of people whose incomes have increased by a lot. First the rural wage-earners who now get a basic wage of nearly 70 pesos a month. (The peso is officially at par with the U.S. dollar, but prices seem to me on the whole slightly lower in Cuba). This is in some cases twice or three times what they used to get. Secondly, unemployment which used to amount to over 20% of the labour force, has been about halved. (There is actually a severe shortage of labour to cut this year's sugar crop) Thirdly, there are those who have moved to a higher paid job. Many thousands of domestic servants, for example, have been given training courses and are now working as bank clerks or drivers in a big limousine service.

Those whose incomes have fallen, on the other hand, feel the price rise acutely. These include people who used to live off the old tourist trade (taxi drivers and waiters, for example) and of course the landlords, who have in fact lost their property altogether--houses will be turned over to tenants after 9 years or so, the exact time depending on when they were built.

These are however not very large groups in the population as a whole. A big fraction of the population, including most town workers and salaried staff, have had some rise in wages, but not much more than enough to offset the rise in prices.

In judging the economic position of people one must take account of the extension of the range of free services. The public health service has been greatly extended, especially in country districts--young doctors have to spend "interne" years working out in the countryside. There has also been a big increase in education. The number of children at school has approximately doubled, and the increases have been especially big in secondary and technical education. Moreover, many children receive milk and meals at school, in some cases full board.

Shortages

One must also allow, however, for shortages. Not only are some basic foods difficult to find but also all manner of minor consumer goods from razor blades to beer. When I was there, meat, fats, milk and eggs were already rationed in Havana, in the sense that families had to register with butchers and grocers, and get supplies in turn, as they became available.

The whole situation reminded me very much of wartime England, except that supplies are of course not nearly so tight. I was told that cooking fats, for example, worked out at about 2 lbs a month, and a meat meal could be managed about twice a week. Bread was freely available (at 15 cents a pound), and the grocers' shops are by no means empty. Only in eggs does there seem to be a significant black market. (The rationing scheme is supervised by the local Committees for the Defence of the Revolution).

Nevertheless, it seems that a significant proportion of the population of Havana has suffered a material reduction in living standards since 1958, especially if one allows for the reduced freedom of choice.

The reasons for shortages are not hard to find. In the case of food, one is that the rural worker is much better off. He can buy more of quality foods. (According to pre-revolution surveys, he ate very little meat). In addition, the livestock herds are being built up--reversing a previous policy mistake. Inefficient distribution, must, however, also be partly responsible: as soon as I went some distance out of Havana, I found eggs, milk, etc. freely available in the restaurants. This is a country where living standards in country districts are comparable to those in cities.

If you ask a shopkeeper why he hasn't got household goods, he often replies: "There's a blockade". (The trade embargo is inaccurately known as a "blockade") The embargo has certainly meant that buyers have had to search for goods in Europe (especially in Russia) whereas previously they used to be able to get them on a telephone call to Miami. But one wonders whether the government would now, in 1962, be buying what it considers to be nonessentials, even if it had the dollars and there were no trade restrictions. I got the impression that the "blockade" was often a convenient alibi for shortages of consumer goods.

Political views

After I had asked people about changes in their incomes, I led the conversation by stages to their attitude to the regime. In the first place, I was surprised how willing people were to talk; only in one or two cases were they clearly reluctant to do so. Many of them poured out a torrent of complaints, in front of strangers who would add their own. (One man summarized the position as follows: we can say what we like, but we can't do what we like).

One could, in fact, be easily misled by the extent to which people grumble. Sorting out the grievances, the main ones seemed to me economic--difficulties in varying meals or in obtaining certain medicines, and (occasionally) dissatisfaction with managers of factories or farms. There is certainly also discontent over the closing of Catholic schools, and disappointment over the suppression of organized political opposition, but these are largely confined to the middle classes in Havana. This is perhaps only to be expected, since Catholicism never was as strong in Cuba as in most other Latin American countries; and the Batista regime lasted so long that few people can remember what an election is like--Cuban elections of the 1920's and 1930's were anyway not the best advertisements for democracy!

If one probes further, one finds that many of those who grumble are fundamentally behind the government, or at least opposed to any change engineered from outside. (Again this is reminiscent of the war). There is a big range of opinion. The number of those who are deeply opposed to the regime, and who would welcome almost any alternative seem to number about one-tenth of the total. There seemed to be some agreement on this point, both amongst those who were pro- and anti-government. Since this opposition is mostly concentrated in Havana, the percentage there would be higher. This opposition seems to be fairly demoralized (probably as a result of past year's abortive invasion) and the only programme of many of them is to get away.

Then there are people who do not like the government but see no feasible alternative, and are afraid that its overthrow would lead to something like the Batista regime. Another group (I would not like to measure the strength of these various elements in the political structure) is of people who dislike various aspects of what is going on, but trust Castro. Finally, there are those who approve more or less strongly of the government.

This last group is by no means negligible. The economic improvement in the conditions of many working-class families, especially in the countryside, to which I have referred, would alone account for this. But what is probably now important is that the spread of education, and the appearance of almost numberless vacancies, managerial and professional, give people the hope that they or their children will be able to make a quite fast social ascent.

The campaign against illiteracy in 1961 was not quite the success that is sometimes claimed by Cuban spokesman. At the start of the year there were about a million classified as illiterate, and of these 167 thousand, according to Ministry figures, could not be taught to read and write (often because of lack of spectacles), 30 thousand refused to learn and 83 thousand were still under instruction when the year ended. Moreover, the degree of literacy achieved was sometimes questionable. Nevertheless, whatever one thinks of the motives of the campaign (and I'll have more to say about that later), the fact that over 100,000 teenagers (and tens of thousands of adults) went to live in the countryside, mostly in the houses of the illiterate, to teach them to read and write, must have had a profound effect.

In 1962 there is "follow up" programmes, for which over 300 thousand have enrolled, designed to provide classes in reading practice and in arithmetic. At the same time classes are being formed in factories and villages to lift to the 6th grade those who had only reached the 3rd grade education. TV is being widely used to help the teachers: most early-evening programmes are educational).

The literacy campaign must also have had a great impact on the school-children who were made temporary teachers. These are now mostly attending secondary schools in Havana. Castro offered 40 thousand scholarships for those in "literacy brigades" and eventually 60 thousand are to be given scholarships on the grounds that no "brigadista" should be refused education. Support for the regime is obviously strongly correlated with age, reaching high fractions in the teenagers and then declining rapidly in the age groups over 40.

I do not think one should underestimate the satisfaction people, especially negroes, feel at being able to use any beach they please or to spend an evening at the "Tropicana" night club. All private beaches have been thrown open, and whatever colour bar there was (there is a difference of opinion about its extent) has been virtually eliminated. Students from all over Cuba are billeted in the houses vacated by wealthy refugees (and in luxury hotels). Nor should one forget that tenant farmers and squatters are being given titles to the farms they are working.

It follows that the degree of opposition to an invading force would depend on the political programme of the invaders. It would be much lower if the invaders said that the land reform would not be reversed, that rented houses would not be returned to their owners, that the educational progress would be maintained, that wages would not be lowered, that industrialisation would still go on, that all beaches would remain public, and so on. The question arises, however, whether the opposition (in either Havana or Miami) would support an invasion on these terms, and whether such a programme would be believed. Since hundreds of thousands of families of the groups which have benefitted have one or more members in the militia, and therefore have access to guns and ammunition, any invasion force would have to face very heavy casualties, and it would have to be followed by/long and uneasy period of military occupation. (Our job in Cyprus in the 1950's seems peaceful by comparison).

Part II - The Special Features of the Cuban Revolution

Indoctrination

The most dreary aspect of Cuban life today is the more or less conscious indoctrination that is going on. This is most evident in the newspapers, which maintain a uniformity, fed by Tass Agency and Prensa Latina cables. The press is tendentious with its constant harping on the defects of the "capitalist" world, especially Latin America--though one is bound to say that there is no lack of material for criticism. More obvious still is the perpetual tendency to show that there is overwhelming popular support for Cuba. "The people of Uruguay with Cuba", a headline says, and the text explains that a "worker's centre" in Montevideo, at a meeting of unspecified size, representing an unspecified number of workers, has passed a resolution of support by an unspecified majority. The treatment of the riots in British Guiana was a travesty. I found a widespread belief, undoubtedly fostered by Press propaganda that a majority of the United States public favoured the Cuban government!

Unfortunately, Cuban leaders seem to believe much of this propaganda themselves, just as American leaders apparently misjudge the popular support for Castro, both in Cuba and in the rest of Latin America. The tendency to underestimate the opposition can encourage recklessness; for example, it could lead to direct Cuban intervention to help along the revolution in Latin America, just as the similar misjudgment on the part of the United States led to the invasion attempt of last April.

Many means are used to drum in the current propaganda, billboards, neon signs, stickers, radio and TV plugs, etc. What brought back unpleasant memories for someone who knew pre-war Europe was to hear groups of militiamen or schoolchildren chanting slogans in unison as they marched along. Secondary schools have drill periods, and during these there is a repeated dialogue of this sort (the examples are actual ones):

Instructor

Class

Fidel

Castro Ruz (Castro's full name)

Patria o muerte (fatherland
or death)

Venceremos (we shall win)

¿Que Somos? (What are we?)

Socialistas

¿Que Seramos? (What will we be?)

Comunistas

There is strong political indoctrination at all stages of education. In the illiteracy campaign, the reading manual given to the learner has a certain amount of mild propaganda, but what is much more significant is that the teacher has a guide full of "themes" which are linked to passages in the former manual. Thus the manual starts with the letters OEA (the Spanish abbreviation for the Organisation of American States) and the teacher's text describes the OEA as a tool of United States imperialism.

But it would be wrong to think that there is little diversity of opinion. On political strategy there seems to be in fact little basic agreement amongst the intelligentsia that supports the regime. I met one man in a very important position (the equivalent of a political commissioner) for a stretch of coast facing Key West; he is an open Trotskyist, with anti-Soviet pamphlets deliberately displayed for visitors in the ante-room to his office. There are also those who admire China. But most common of all is the man who refuses to take an attitude on the internal dissensions of the Soviet bloc. I was told by many people that this was not Cuba's business, that "all the enemies of our enemies are our friends." There is good reason for taking this position because Cuba is getting aid from all the communist countries, including Yugoslavia. But I got a strong impression that many people were simply not interested.

I cannot say whether this is true of the top leadership. But it may well be. Recently Cuba accorded full diplomatic courtesies to the new representative of Albania, and on the other hand scholarships have been accepted from Yugoslavia. The intellectuals I met, including traditional Communists, consider that Cuba is a unique case within the Communist world.

Geographical isolation

This uniqueness comes first from its geographical position, which on the one hand isolates it strategically (making it dangerous for Cuba to provide a full military base for the Soviet Union), and on the other hand gives it special responsibilities and opportunities. Several people told me that the Soviet Union does not understand Latin America, and that further political revolution in this region depended on Cuba.

Lack of social tension

The second unique feature is felt to be the relative lack of social tension. What had started as a national revolution against an unpopular dictatorship and against United States economic domination was turned quite rapidly and easily into a full social revolution. This was partly because, I was told, the United States made the tactical mistake of reacting violently to the land reform (in the vain hope of saving the sugar plantations) and thus left no policy open to moderates, who are not strong, except acquiescing in the turn towards Russia. The rise of revolutionaries (of various types) then became rapid, and they could push through further and decisive social changes, such as the complete nationalisation of industry. In traditional Communist theory, two revolutions are needed for backward countries, one against "imperialists" and the other against the "national bourgeoisie." In the case of Cuba, the latter proved to be even more of a pushover than the former.

I would not say how prevalent political arrests or executions are, but the willingness to grumble publicly implies that it is not felt a serious and general threat. If you try to look for somebody at an address where he no longer lives, neighbors do not show the slightest hesitation in supplying the information about where he might be--which

is further indirect evidence pointing in the same direction . The atmosphere is in fact surprisingly relaxed for a country which has recently had a revolution (and an invasion attempt): people do not look over their shoulder before they answer a direct political question.

The clue to this is probably the open-door policy for emigration. A few months ago, the Pan-American service to Miami was doubled and now 2 DC-6's a day (each carrying more than 100 refugees) leave Havana, apart from those who leave for other destinations. The Pan-American office told me that those who applied for permission to leave normally have to wait 3 to 4 months for a seat. The opposition is therefore departing of its own accord. This incidentally leaves the Cuban government with useful quantities of property, especially housing, which is confiscated when the owner has been away for 45 days.

Absence of puritanism

One symptom (or is it a cause?) of the lack of tension is the deliberate absence of Puritanism in government policy. At night Havana is still gayer than any other city in the Western Hemisphere, if one judges from the number of people in the streets, the heavy business in the bars and the number of night clubs that are running.

It is true that the gambling casinos have been closed, and the brothels shut down (the younger girls are being given intensive training courses for other jobs). Nobody accosts a foreigner with the offer of company, as used to be the custom, though it is said that private enterprise still continues in this field. The shows at the night clubs, on the other hand, are still fairly "colossal". The only concession to politics (except at the Hotel Nacional, which runs a deliberately political show) seems to be that the tableaux are often Russian or Chinese, though in ways that shock the rather prim experts from these countries. Some of the night clubs are subsidized by the Government: so is the Carnival, which had quite a lot of political propaganda this year, but nevertheless also seemed surprisingly erotic to the visitors from Eastern Europe. (They were in fact taken aback at the Minister for Public Works dancing the conga in the Paseo del Capitol!). Special "revolutionary congas" were composed for the occasion, but a conga is a conga is a conga. One is tempted to say that whereas Lenin's formula was: Electricity + Soviets = Socialism, Castro's is Congas + Defence Committees = Socialism.

The same flexibility can be seen in other fields. There is Soviet Cinerama, but also Brigitte Bardot in "God created woman"; the old Leninist pamphlets are on sale, but the bookshops also have "Lolita" (as well as works by Fulton Sheean); there are realist paintings in the public buildings but also abstract ones.

Relative economic plenty

It should be remembered that the Cuban revolution started with special advantages. There was surplus capacity in land (uncultivated

latifundia), in capital (machinery working part-time) and men (heavy unemployment). The revolution did not take place in the wake of a war, nor did it involve itself much physical destruction. Finally, there were not only a number of other Socialist countries ready and willing to trade with it, but one of them Russia, was in a position both to absorb most of its exports and also to provide sizeable loans (\$200 million in long-term credits so far) and technical assistance.

Government policy has heavily emphasised "alegria" (happiness), and in economic terms this means an emphasis on satisfying consumer needs now rather than in the next generation. Numerous cheap beach resorts have been built. The big effort of the construction industry has gone into housing--including the new workers' city of Havana Oriente, but also rows of houses (with baths, electricity and built-in furniture) in country districts. Less land was planted with sugar last year, and more with cereals, a step which will probably be repeated this year (though this is partly due also to difficulties in finding enough labour for cane cutting).

Support in the countryside

Over half of the land is still held privately (with a maximum holding of 1,000 acres). This is not unique in countries of a communist complexion, but in Cuba there seems to be little haste to change matters. Leaving so much land in private hands is officially described as "transitional" but the attitude seems to be that a lot of progress would have been made politically and economically, before an attempt was made to encourage further collectivisation. It is true that the larger sugar estates were made into cooperatives in the land reform, but this seems to have caused little opposition, since the cooperative members are the former wage-earners, who could have hardly expected that the estates would be broken up into small holdings. There are therefore no basic reasons why there should be mass opposition to the regime in country districts, such as other revolutionary governments have had to face. The Cuban revolution is probably unique in that its main political strength lies in the country districts rather than the cities. This is partly because the armed revolt originated there, and partly because the economic measures described above (specially wage increases) have made rural workers the main beneficiaries. But in addition, the rural emphasis of the housing campaign and the campaign against illiteracy, have made the country worker feel, for the first time in Cuban history, that the regime considers him important.

Relations with other members of the Soviet bloc'

I think that it is correctly claimed that these features do make the Cuban revolution a special case. This suggests that it will play its own part in the Communist group. It is clear that the Cubans look on the Russians as "they" rather than "we". The most plausible explanation I heard of the various statements that characterised the Cuban revolution and Castro himself as Marxist was that they were designed to force the Soviet Union to give unilateral undertakings to come to Cuba's help in

case of an invasion or naval blockade. It is said that Castro himself has still not forgiven the Cuban Communists for having refrained from backing his rebellion until late in 1958.

The dissension now evident in the Soviet bloc' greatly weakens the centripetal forces in this bloc', particularly the pull on a government in another hemisphere. It may be argued that the Communists in Cuba feel a loyalty to world communism. But, the question arises: which arm of world communism? The very existence of this question encourages Cuban Communists to seek their own national interest, as they conceive it, and of course the non-Communists in the government are even more interested in putting Cuba first. This therefore suggests that other governments might well be able to work out a modus vivendi with the Cuban regime.

III. Future Prospects of the Cuban Economy

Will the problems of supply be solved in Cuba? And if so when? It is possible to reach very different conclusions on this; according to whether one believes that the severe problems of disorganisation in various sectors will be overcome.

An industrial revolution

Looking at the machinery arriving, you would think that shortages cannot last for long. A high, though (to me) unknown, proportion of imports consist of machinery and vehicles. I was told that 150 complete plants will have arrived from the Soviet bloc by the end of 1962, plants for making all kinds of goods (bicycles, locks, cookers are some examples). Individual machines are also arriving from all the Communist countries, including China. I saw one of the 13 new technical schools, and this had an imposing array of equipment.

Much of the machinery seemed to my untrained eye very good, with speed indicators, automatic stops, profile tracers and quick-change devices as standard (not optional) equipment. American engineers, of whom there are several working for the Cuban government, told me that the equipment, especially from East Germany, was up to the best produced in the United States, if not better. I was also told that it was a good deal cheaper--a 16" engine lathe from East Germany had been bought for \$3,500, for example, about half the cost of the U.S. equivalent. (Cuba may of course be getting special prices). There have also been gifts of machinery, e.g. those brought for trade fairs. Buses, trucks and tractors are also arriving in very large numbers from the Soviet bloc'.

There is in fact plenty of capital equipment; there is still a lot of uncultivated land; and more than 10% of the labour force is still unemployed. (The target for 1962 is to get unemployment down to 9%!) There even appears to be at present no very acute shortage of skilled workers, and technical training is being pushed very rapidly, though the problem of skilled labour would certainly emerge if the capital now in the country were brought fully into use.

The problem is essentially one of organisation. At present the docks at Havana are choked with newly arriving cargo, especially machinery. (There are usually 20 or 30 ships waiting to dock). So are the fields near Havana. In a few cases good machinery is standing out in the open air, deteriorating. Equipment is arriving more quickly than it is being installed, and being installed more quickly than it is being put into operation.

I saw one big machine for making cattle cake standing idle. When I asked the mechanic in charge why it was not working, he said that there were technical problems, where to get the minerals and honey that were needed, and what sort of grass should be used. He was waiting until the manager came back (in May!)- - he had been called away to get a slaughterhouse working.

In the factories the situation is often as bad. One piece of a sugar mill sent for repair spent nearly 6 months in a machine shop, and had started to rust before being returned to the mill. Routine work is occasionally stopped for rush jobs sent by Cabinet Ministers, without the management weighing priority against other tasks (in some cases without the management even knowing!) It may take two or three weeks to obtain a permit to draw a spare part out of storage. Work has started at times without any proper prior design. Some workers stand idle for weeks (and some even telephone the Ministry of Industry in desperation, asking to be given a proper job). Managers may be changed for political reasons.

An attempt is being made however to change all this. Some old owners or managers, pushed out at the time of nationalisation, have been brought back; new accounting systems which are being introduced are intended to act as production controls; foreign experts are being relied on more heavily; and 300 to 400 are attending the first of a series of 6-month management training courses.

Similar problems seem however to stretch all the way up. INRA (the state agricultural agency) has difficulty getting foodstuffs to the cities. In the warehouses lie medicines and types of consumer goods for which shopkeepers are searching.

One result of this is that the Soviet Union is apparently tightening up on its exports. Apart from the long-term Soviet credits (totalling \$200 million, still largely unspent^{1/}), there are "swing credits", which are the limits to which Cuba can run up a deficit in commercial transactions, and it seems that in the last few months Soviet officials have been somewhat reluctant to increase these. No doubt the explanation is that they have been told of ^{waste of} supplies which must have cost them an effort to provide, perhaps disrupting their own plans.

The capacity of many of the new plants is far greater than Cuba needs, or even could possibly absorb. Officials are thinking increasingly in terms of exports of manufactures, mainly to the Soviet bloc'. There have been discussions with the Czechs about the possibility of guaranteeing supplies of some manufactures required for Czechoslovakia's plans, enabling the Czechs to switch industries to other lines. (It should be borne in mind that Czechoslovakia is self-sufficient in sugar). It is certainly physically possible that Cuba will become a big exporter of industrial products during this decade.

1/ Long-term credits from other Communist countries total about the same amount.

The switch out of sugar

The obverse of this is that less reliance is being placed on exports of sugar. The plan for 1962-65 (due in January) has not yet been published, but it will show, I think, a lowering of sugar targets compared with those of the Kalecki and Bettelheim reports written in 1960 and 1961, respectively. Acreage sown with sugar was reduced in 1961, and a further reduction is being contemplated for this year. The acreage freed is being used for cereals. A number of forces encourage this switch: the difficulty of getting men to cut cane (the government is obviously worried about the possibility of losing much of this crop), the uncertainty about the long-run outlook for sugar, and the need for food.

There is also intensive development on the state farms (Granjas del Pueblo) which previously were mostly uncultivated cattle runs. I saw dozens of new poultry houses, pigsties and cattle sheds, and stations for incubating eggs by the ten thousand. Private farmers, who still account for about 60% of the land, and over 50% of agricultural output, also seem to be raising their output (the state influences their plans by credit, marketing, fertiliser supply, etc.)
controlling

The official plan is admittedly very weak statistically. (The plan is a very hotch-potch affair, though surveys of 1961 activity which are being made will provide a better basis for planning.) But certainly there is a programme anticipating an increase of about 10% a year in GNP.

In the short term too, there is some optimism. The expectation is that this year there will be big increases in the profits of State enterprises, as output rises. Wages are still frozen (though there is talk of introducing incentive schemes), so personal incomes would not increase greatly. So, if their hopes are fulfilled in 1962, on the one hand the budget will be balanced and on the other the "inflationary gap" will be closed. Shortages would then cease to be general, and some surpluses would in fact appear.

The effects on Latin America

Up to now, the impact of Cuba on Latin America has mainly been that of a country which has carried out a social revolution. The news is seeping through the continent of some of the preliminary achievements of the regime, through Prensa Latina offices, Cuban Embassies and the reports of the many travellers going to and from Cuba. Information is spreading about the campaign against illiteracy, the rapid expansion of education, the scale of housebuilding, and the pace of industrialisation (not to speak of eliminating corruption and tax evasion). This news is often exaggerated, but it nevertheless must be having a great effect on the landless and hopeless of Cuba's neighbours. I myself doubt whether the rigid social structures of the region can long stand the pressure of Cuba's example.

This seems to imply that the Alliance for Progress, even if it does not run into political obstacles, may be too slow.